Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To: CC:PSI:B01 PLR-129214-15

Date:

February 18, 2016

<u>X</u> =

State =

Year =

Dear

This responds to a letter dated August 24, 2015, submitted on behalf of \underline{X} by \underline{X} 's authorized representative, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for \underline{X} to make an election under § 754 of the Internal Revenue Code.

FACTS

The information submitted states that \underline{X} was formed as a limited liability company under the laws of \underline{State} and is classified as a partnership for federal tax purposes. In \underline{Year} , interests in \underline{X} were redeemed. \underline{X} inadvertently failed to timely file a § 754 election for \underline{Year} . \underline{X} represents that it acted reasonably and in good faith, that granting relief will not prejudice the interest of the government, and that it is not using hindsight in making this election.

LAW AND ANALYSIS

Section 754 provides that if a partnership files an election, in accordance with the regulations prescribed by the Secretary, the basis of partnership property is adjusted, in the case of a distribution of property, in the manner provided in § 734 and, in the case of a transfer of a partnership interest, in the manner provided in § 743. Such an election shall apply with respect to all distributions of property by the partnership and to all

transfers of interests in the partnership during the taxable year with respect to which the election was filed and all subsequent taxable years.

Section 1.754-1(b) of the Income Tax Regulations provides that an election under § 754 to adjust the basis of partnership property under §§ 734(b) and 743(b), with respect to a distribution of property to a partner or a transfer of an interest in a partnership, shall be made in a written statement filed with the partnership return for the taxable year during which the distribution or transfer occurs. For the election to be valid, the return must be filed not later than the time prescribed by § 1.6031-1(e) (including extensions thereof) for filing the return for that taxable year.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Code, except subtitles E, G, H and I. Section 301.9100-1(b) defines the term "regulatory election" as including an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections.

Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2. Requests for relief under § 301.9100-3 will be granted when the taxpayer provides evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

CONCLUSION

Based on the facts submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, \underline{X} is granted an extension of time of 120 days from the date of this letter to make an election under § 754, effective for its \underline{Y} ear taxable year and thereafter. The election should be made in a written statement filed with the appropriate service center for association with \underline{X} 's \underline{Y} ear tax return. A copy of this letter should be attached to the election.

We express no opinion concerning the assessment of any interest, additions to tax, additional amounts, or penalties for failure to file a timely income tax or information return with respect to any taxable year that may be affected by this ruling. For example, we express no opinion as to whether a taxpayer is entitled to relief from any penalty on

the basis that the taxpayer had reasonable cause for failure to file timely any income tax or information returns.

In addition, except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts described above under any other provision of the Internal Revenue Code and the regulations thereunder. This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, we are sending a copy of this letter to \underline{X} 's authorized representative.

Sincerely,

Associate Chief Counsel (Passthroughs & Special Industries)

By: <u>Laura C. Fields</u>
Laura C. Fields
Senior Technician Reviewer, Branch 1
(Passthroughs & Special Industries)

Enclosures (2)
Copy of this letter
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CC: